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September 21, 2000

U.S. Department of Transportation
Docket Management Facility
Room PL 401
400 Seventh Street SW
Washington, D.C. 20590-0001

Re: **Comments on Airline CRS**
Docket Numbers: **OST-97-2881 - 142**
OST-97-3014 - 11
OST-98-4775 - 57

Gentlemen:

Permit me to add my view of the airline computer reservation systems and their offspring, the Global Distribution Systems, which have grown out of the airlines' competition generated by the regulations your agency have promulgated. I represent several travel agencies and a car rental company which are somewhat new to the airline reservations systems. I believe they have only taken substantial reservations with some form of direct connection within the past 10 years. I have seen interesting swings in reservation counts due to the regulations being enforced and sudden declines in reservations because of the changes the way the CRS's are now used.

It seems to me that once the regulations hit the airlines, they segregated and then sold off their reservations systems to eliminate direct control and ownership (regulation). The CRS's then began an internet strategy once more removed from the airlines and further away from regulation. An example is the history of American Airlines, Sabre and Travelocity. I believe regulation should continue and be expanded to include the new internet service providers.

The company that I represent is relatively small in the car rental industry yet is similarly dependent upon the CRS (global distribution systems) supplying them and their competitors with customers and reservations. The car rental industry has grown to become the second or third largest revenue source for airports across the United States. (First being airlines, second parking and third car rental revenue.) Car rental helps support the airline industry because it helps reduce the costs of landing fees at airports and helps make the airlines more competitive (profitable). In 1999 as publicly reported, car rental revenues at the top 50 airports were more than 6.6 **Billion** dollars. At a 10% concession fee, airports (and airlines) received at least 660 **Million** dollars to reduce the costs of landing fees for the airlines. They are now inextricably intertwined with revenue, space and reservations.

The airlines, their reservation systems and their new progeny have created a major source of revenue for the car rental industry, the airlines and airports across the United States. Sales of airline tickets and car rentals at the traveler's destination are just a call away, or a click away on any computer system tied to the internet in any fashion. Call any airline to make a reservation and they will offer a referral to a car rental company. What has happened as a result of the spin-offs of CRS's from the airlines is that the new reservations systems have become biased without notifying the customer. Further this bias has thwarted pricing and availability of product for the general public. Just as the captive airline CRS's did in the past without regulation, the new progeny have partnered up with certain companies to restrict showing the lowest available prices for rental vehicles. Thus creating a situation where the customer is hurt by not having all the lowest price available to make a reservation.

This progeny of new spin-off of CRS's have also taken the form of new internet service providers who rely on the airline CRS's for reservation support. They are still connected and rely upon the airlines to make their systems work. This tie in system should be halted and the bias taken out of the process. If regulations cannot defeat the bias, the customer should be told in big, bold letters that the airline or global distribution system is biased; that the first prices and companies you see on the computer screen are there because those companies have paid a very high price for that enhanced positioning. The same is true whether it be for airline tickets or car rental reservations.

My client, as an example, had been on the first page of one such system because of pricing; when without notice, they were removed from the front page and placed on page two where customers have to scroll to find them. The immediate result was a loss of 50% of future reservations. I personally inquired of the system to determine if they were encouraging bias and was stonewalled with no answer; which of course is what I expected. While my client to date has chosen not to litigate these matters, I feel that something must be done to prevent such occurrences from happening in the future. As stated earlier, the purpose of this letter is to support some form of continued regulation with a goal of eliminating the bias of the systems (including internet service providers), and fully informing the public of bias, if it continues to exist.

Thank you for considering my comments.

Very truly yours,

Marshall A. Fein

MAF/cp

Cc: Mr. Thomas Ray